

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**TABLE OF CONTENTS**

**Introduction and General Information**

**Section I.**                      **Volumes and Statistics**

<a href="#">B</a>	Patient Care Volumes
<a href="#">B-5</a>	Other Statistical Data, Excluding SNF
<a href="#">B-6</a>	Outpatient Volumes by Payer and Outpatient Area

**Section II.**                      **Costs and Related Reconciling Items**

<a href="#">C</a>	Cost Center Data
<a href="#">C-3</a>	Other Cost Details
<a href="#">C-4</a>	Cost Center Budgets, Reconciling Items
<a href="#">C-5</a>	Other Operating Income, Non-Operating Income
<a href="#">C-6</a>	Nursing Service Details
<a href="#">C-7</a>	Major Moveable Equipment, Price Level Depreciation Allowance

**Section III.**                      **Capital Facilities**

<a href="#">D-3</a>	Information for Capital Facilities Allowance
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**Section IV.**                      **Revenue and Related Statistics**

<a href="#">E</a>	Patient Care Gross Revenue
<a href="#">E-3</a>	Allocation Statistics Matrix
<a href="#">E-4</a>	Gross Revenue and Deductions from Gross Revenue
<a href="#">E-5</a>	Net Inpatient Revenue Summary by Payer
<a href="#">E-6</a>	Net Outpatient Revenue Summary by "
<a href="#">E-7</a>	Outpatient Gross Revenue By Payer and Outpatient Area

**Section V.**                      **Employee and Physician Data**

<a href="#">H-2</a>	Summary of Medical Professional Budget Component
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**Section VI.**                      **Financial Statements**

<a href="#">L-1</a>	Balance Sheet
<a href="#">L-3</a>	Statement of Operations
<a href="#">L-4</a>	Statement of All Funds Cash Flow

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**SECTION I. VOLUMES AND STATISTICS**

➤ [Form "B" – Patient Care Volumes](#)

**Purpose**

This form summarizes inpatient care volumes. It also contains a certification by an officer attesting to the accuracy of the cost report as well as the name, telephone number and signature of a responsible official and the name and title of the contact person for these forms.

**Instructions**

**Admissions (Line 1,  
Columns A-I)**

Inpatient admissions include initial admissions, same day medical admissions and transfers within the hospital. Admissions are reported by each of the nine revenue centers. Please refer to section N.J.A.C. 8:31B-4.71 of the Financial Elements and Reporting Regulations for definitions.

**Transfers Within  
the Hospital  
(Line 1, Column J)**

Transfers within the hospital are reported in total in Column J of the Form B. As noted in the Admissions section above, these transfers are also included in the admissions data for each revenue center.

**Same Day Medical  
Admissions (Line 2)**

Same Day Medical Admissions are defined as those who were provided treatments (diagnostic and non-surgical procedures as defined in ICD-9CM Codes), and were discharged in a routine status before midnight of the admission. These are to be reported in each of the nine revenue centers with a total shown in Column K.

**Patient Days  
(Line 3)**

Patient days are reported in the revenue center where the care took place. Same Day Surgery days should not be included on this line. Patient Days related to Same Day Medical Admissions should be included.

**Licensed Bed  
and Bassinets  
(Line 4)**

Licensed Beds should be reported according to the official New Jersey State Department of Health License. Bassinets, though not officially licensed, should be reported in the NBN and/or in the NNI Column.

Beds and/or bassinets which are used for part of a year should be pro-rated to the portion of the year in use.

**Maintained Beds  
(Line 5)**

These should be set up and staffed beds.

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**Occupancy Percentage (Line 6)**      The occupancy percentage is calculated by the following formula:

Patient Days (Line 3)

Licensed Beds (Line 4) x 365 Days = Occupancy Percentage

**Discharges (Line 7)**  
**(Column K)**

Report the total number of patients discharged from the hospital during the reporting year. Discharges should include newborns but exclude SDS patients.

➤ [Form "B-5" - Other Statistical Data \(Exclude SNF\)](#)

**Purpose**

The Form B-5 is used to report inpatient statistics by payer and other miscellaneous statistics. These statistics may be used as an allocation basis for the various hospital payers.

**Instructions**

**Inpatient Statistics**  
**By Payer**  
**(Lines 1-14)**

Enter the total number of Patient Admissions in Column A as they relate to each payer. In Column B, enter the number of Patient Days for each payer. Exclude any Skilled Nursing Facility Admissions and Patient Days reported on the form "B".

**Other Statistical Data**  
**(Lines 15-18)**

Enter the total number of free meals for each category and the average cafeteria meal price.

**Notes:**  
**(Lines 15-18)**

Please attach all necessary statements for proper disclosure of items as indicated in footnotes 1 through 5 Form B-5.

➤ [Form "B-6" – Outpatient Volumes by Payer and Outpatient Area](#)

**Purpose**

The Form B-6 requires the hospital to provide statistics on outpatient volumes by payer and outpatient area.

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**Definitions**

<b><u>Same Day Surgery</u></b>	Same Day Surgery is defined as patients who have been provided surgery in a fully equipped operating room, have an operating room charge on UB-82 (HCFA-1450) and were discharged before midnight of the day of admission. Moreover, the discharge was routine in nature and not for transfer, leaving against medical advise, or death.
<b><u>Outpatient Surgery</u></b>	Outpatient surgery involves a less intense level of care than that required for same day surgery patients. These patients are not admitted or assigned to a DRG. There is no use of a fully equipped operating room and no operating room charges are generated.

**Instructions**

<b><u>Payers</u> <u>(Columns A-L)</u> <u>(Lines 1-14)</u></b>	For each payer, report the number of procedures or visits in the appropriate outpatient care category. (Line 14), Visits, Net of Admissions, should agree with the statistics reported on (Line 17), Visits, Net of Admissions.
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**Instructions**

<b><u>Gross Visits</u> <u>(Line 15)</u></b>	<p>Outpatient visits are reported in each of ten outpatient services area and totaled. Same Day Surgery visits are <u>not</u> to be reported on Line 15.</p> <p>Same Day Surgery is defined as patients who have been provided surgery in a fully equipped operating room, have an operating room charge on a UB-PS (HCFA-1450) and were discharged before midnight of the day of admission. Moreover, the discharge was routine and not for transfer, leaving against medical advise, or death.</p> <p>EMR, OHS, and CLN visits are for receiving care from Emergency Services, Home Health Agency (Off-Site Health Services) and Clinics, respectively, as defined in the Financial Elements and Reporting Regulations N.J.A.C. 8:31B-4.81 through 4.83. The sum of Column B, Line 18 and Column B, Line 19 should agree with the sum listed on Column B, Line 17. Emergency Room patients categorized as <b><u>primary care</u></b> shall be defined as requiring either minimal service, brief service, or limited service. <b><u>Non-primary care</u></b> are those patients requiring intermediate service, extended service, or comprehensive service.</p>
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<b><u>Outpatient Surgery</u></b>	Outpatient Surgery involves a less intense level of care than that required for same day surgery patients. <u>Do not report outpatient surgery visits with same</u>
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**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

day surgery visits. These patients are not admitted or assigned to DRG. There is no use of a fully equipped operating room and no operating room charges are generated.

MICU is the number of Advance Life Support runs made by Mobile Intensive Care Units.

Other MICU is the number of completed Advanced Life Support (ALS) runs provided by a MICU owned by another hospital.

**Admitted  
(Line 16)**

Where applicable, report outpatients who were admitted as inpatients into the hospital.

**Visits Net of  
Admissions  
(Line 17)**

For Same Day Surgery, do not subtract Line 16 from Line 15. Same Day Surgery visits on Line 14 will equal Line 17. For all other Columns, subtract Admitted (Line 16) from Gross Visits/Runs (Line 15) and place the result on Visits, Net of Admissions (Line 17). In most cases, the Line 14 Total should equal the Line 17 Total.

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**SECTION II. COSTS AND RELATED RECONCILING ITEMS**

**➤ Form "C" – Cost Center Data**

**Purpose**

The Form C is used to report total expenditures by cost center. Each cost center is subdivided into a detailed cost section and a physician-employee hours section. Total hospital costs should agree with the costs reported in the hospital's audited financial statements.

**Instructions**

**Hospital  
Recordkeeping**

The hospital is required to maintain internal records to support the reported costs and salary hours by cost centers listed, especially the total number of employee hours. Report all dollar expenditures in thousands of dollars (\$000s) and number of hours in whole hours. The physician hours are required for both salaried and fee for service physicians. Expenses are to be reported by cost center for the various elements of expense (employee salaries, physician salaries, physician fees, supplies, contractual services, other miscellaneous expenses, depreciation and facility interest, lease expense, and expense recoveries which directly relate to cost).

**All grant income offsets that directly relate to Form "C" costs must be recorded in the using cost center as an Expense Recovery in Column L.** In no instance should the expense recovery exceed the related expenses. If so, report such gains on Form C-5 as a Case A, B, or C, in accordance with the Financial Elements and Reporting. (N.J.A.C. 8:31B-4.61 through 4.67).

**Supplies**

The hospital should maintain internal records that support the allocations of supplies sold to patients from the supply costs in each patient care cost center. Supplies sold to patients should be reported in the Medical Supplies (MSS) cost center (Line 18) in the Supply Column (Column G).

**Blood Processing**

Blood processing costs are reported in the Blood Bank cost center (Line 15) in the Contractual Service Column (Column H). I.V. solutions are to be reported in DRU Cost Center in accordance with UB-PS (HCFA- 1450) Regulations.

**Pacemakers**

Pacemaker costs are reported in the Medical Supplies (MSS) cost center

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

(Line 18) in the Supply Column (Column G).

**Outside Collection  
Costs**

Outside collection costs must be reported in the Administrative and General (A&G) cost center (Line 34) in the Contractual Service Column (Column H). These costs are also reported on Form C-3 - Other Cost Details.

**Depreciation (MME)**

Major moveable equipment depreciation is reported in the using cost center in the Depreciation Column (Column J).

**Depreciation Building  
and Fixed Equipment**

Building and fixed equipment depreciation is reported in the Building and Fixed Equipment (BLD) cost center (Line 44) in the Depreciation Column (Column J).

**Case B Income**

All Case B income which directly relates to cost center expense must be reported as expense recovery (Column L). Failure to do so will not only increase a hospital's expense in comparison to its peers but will decrease the comparability of cost on an industry-wide basis. **Specific examples of income which should be reported as an expense recovery are as follows:**

Asset Disposal  
Cash and Purchase Discounts  
Cafeteria  
CETA Program  
Clinic Reimbursement  
Dialysis  
Late Discharge Revenue  
Medical Transcript Fees  
Mobile Meals  
Morgue Rental  
Miscellaneous  
Organ Donations  
Parking Garage  
Parking Lot  
Radio Page Rental  
Radiology Scrap Sales  
Rebates  
Sales of Used Film  
Sales of Scrap  
Good Life Club (Clinic)  
PSRO Expense  
Transfer from Restricted Fund for Research

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

Transfer of Temporarily Restricted Funds to Unrestricted Funds  
Vironex Diet/Speech & Hearing  
American Cancer Society Research Grant  
Other Grants (excluding Primary Care Residency)  
Freeholder Grant (Contagion Care)  
Grants Investment Income - Unrestricted Fund  
Primary Care Residency Grant

This list is not exhaustive and in no instance should the expense recovery exceed the related expenses.

**Costs Which are  
Excluded from the  
Form "C"**

The hospital should be aware that certain expenditures are reported as reconciling items on the Form C since they do not fully comply with definitions of the individual cost centers. These expenditures should be reported on Page 2, Line 52; Reconciling Items. Details for these expenditures must be submitted on Form C-4 Cost Center Budgets-Reconciling Items (RIT).

**Total Operating  
Expenses**

Please note the following. The amount listed on Line 54 (Total Operational Costs) should be equal to the arithmetic sum of Line 53, Column M (Total Institution) plus Expense Recoveries - Line 53, Column L. This amount should equal total operating expenses reported on the hospital's audited financial statements. If these amounts are not equal, the hospital is required to submit an itemized explanation of the difference with their Cost Reporting Forms.



## INSTRUCTIONS TO THE 2002 NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS

### ➤ [Form "C-3" – Other Cost Details](#)

#### **Purpose**

The Form C-3 – Other Cost Details requires the hospital to report line item detail for the following nine cost centers:

1. Administrative and General (A&G)
2. Dietary (DTY)
3. Legal Fringe Benefits (LFB)
4. Policy Fringe Benefits (PFB)
5. Utilities Costs (UTC)
6. Fiscal Costs (FIS)
7. Other General Services Costs (OGS)
8. Utilization Review Costs (URO)
9. Patient Care Coordination (PCC)

#### **Instructions**

##### **Direct Costs**

For each cost center, enter the detailed breakdown for each element of the cost center's list. The amounts entered for the cost center total (Lines 6, 9, 15, 19, 25, 30, 37, 40, 45, 52 and 55) must agree with the amounts entered on the Form C for each classification of expense.

### ➤ [Form "C-3" - Other Cost Details, Page 3 of 3](#)

#### **Purpose**

The Form C-3, Page 3 of 3 requires the hospital to identify Graduate Medical Education (GME) costs and hours that are included in various cost centers on the Form C.

#### **Instructions**

##### **Physician Coverage (Lines 41-45)**

All physician hours, salaries, and fees related to GME should be represented on this line. Hours and salaries should be pro-rated in cases where the physician does not have full time GME duties. Line 45 must equal Form C, Line 32.

The PHY cost center includes Chiefs, Directors of Medical Education, Hospital staff physicians, attending physicians, while EDR is for costs

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

associated with administering residency programs.

**Physician Activities**

Activities included in allocating salaries, fees, and hours to this line are teaching (lectures, conferences, seminars, boards, preparation time); supervision of residents in the operating room, delivery room, emergency room, and other departments, and in technical procedures such as endoscopy, monitors, cardiac catheterization); administration of the residency (scheduling, planning, correspondence, accreditation); and general activities, (interviewing, evaluation and selection of residents, evaluation and counseling, residency education, committee attendance and orientation). For employees other than physicians, their time and their salaries are pro-rated on the basis of the supervising physician's percentage of total effort except when it is clear that an employee's time is used only for educational purposes, e.g., medical education secretary.

All costs related to Graduate Medical Education programs should be reported on Line 41. All costs related to House Staff Physicians should be reported on Line 42. All costs related to Medical Administration (non-GME) should be reported on Line 43. All other costs related to Physician Coverage should be reported on Line 44. The total costs calculated on Line 45 should match that reported on Form C, Line 32.

**Education and  
Research  
(Lines 46-52)**

All costs related to Medical Education and Research should be reported on Line 46. All costs related to inservice Education/Continuing Education should be reported on Line 47. All costs related to a Registered Nursing School/Affiliation should be reported on Line 48. All costs related to Allied Health Education should be reported on Line 49. All costs related to Patient/Community Health Education should be reported on Line 50. All other costs related to Education and Research should be reported on Line 51. The total costs calculated on Line 52 should match that reported on Form C, Line 46.

**Malpractice  
Insurance  
(Lines 53-55)**

The total cost of malpractice for Graduate Medical Education should be reported on Line 53. The total cost of malpractice for other physicians should be pro-rated on the basis of the percentage of hours each individual spends on GME activities. If malpractice insurance costs related only to residents cannot be determined, resident hours plus appropriate physician hours should be added together and pro-rated as a percentage of total physician hours plus resident hours.

This amount should be reported on Line 54. The total costs calculated on Line 55 should match those reported on Form C, Line 39.

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

## INSTRUCTIONS TO THE 2002 NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS

### ➤ [Form "C-4" - Cost Center Budgets Reconciling Items](#)

#### **Purpose**

The Form C-4 is used to report detailed cost information for expenditures that are classified as reconciling items. Reconciling items are expenses which are not covered by the definitions of the individual cost centers listed on the Form C.

#### **Instructions**

##### **General Information**

Relevant items not pre-printed should be entered manually in the blank spaces. The Column headings are identical to those on the Form C. Please report MICU expenses as a reconciling item. The totals on the bottom line are transferred to the RIT line (Line 52) on Form C, page 2 of 2. When added to the sum of all the other cost centers on the Form C, the amount should reflect the total institutional costs identified on the audited financial statements. Fringe benefits are to be reported in the Other Expense Column.

### ➤ [Form "C-5" - Other Operating Income Non-Operating Income](#)

#### **Purpose**

The Form C-5 identifies and categorizes other operating and non-operating revenues. In some cases, the hospital is required to report the expenditures associated with this revenue. All revenues reported on the Form C-5 must agree with amounts in the hospital's audited financial statements.

#### **Instructions**

##### **Expense Recovery**

Revenues, including grant income, which offset costs of individual cost centers, including grant income as well as purchase discounts, are to be identified as expense recoveries (Line 1 through 19). All expense recoveries related to grant income must be itemized by the title of the grant. The total on Line 20 must agree with the Total Institutional Cost, Form C, page 2 of 2, Line 53, Expense Recovery Column (Column L). All remaining other operating and non-operating income and expenses must be reported as Case A, B or C.

Cases A, B, and C are defined in accordance with the Financial Elements and Reporting Regulations, N.J.A.C. 8:31B-4.61 through 4.67, as follows:

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**Case A**

Expenses and revenues related to activities, which the hospital has selected to engage in but which are not an integral part of, or necessary for, the provision of patient care. Such expenses and revenues are netted against each other. Gains are applied as reductions to the Current Cost Base used to determine hospital payment rates, but any losses are not applied.

**Examples of Case A items are as follows:**

- Non-Approved Education and Research
- Provision of General Services to an External Organization
- Sale of Medical Supplies to Patients
- Medical Records Transcription
- Luxury Meals and Items

**Case B**

Expenses and revenues related to activities, which the hospital has elected to engage in and which are an integral part of, or necessary for, the provision of patient care. Such expenses and revenues are netted against each other. Losses are applied as increases to the Current Cost Base and gains are applied as reductions. **Examples of Case B items are as follows:**

- Parking Lot
- Pension Reversions
- Radio Rental
- Radiology Scrap Sales
- Rebates (Excludes Purchase Discounts)
- Sale of Used Film
- Sale of Scrap
- Transfer from Restricted Fund for Research
- Transfer of Temporarily Restricted Funds to Unrestricted Funds
- Unrestricted Trustee Held Funds
- Unrestricted Trustee Held Interest Income

**Case C**

Expenses and revenues related to activities, which are still specifically excluded under N.J.A.C.8:31B-4.61 through 4.67. Expenses and revenues are netted against each other. Neither gains nor losses are applied in determination of the Current Cost Base. **Examples of Case C items are as follows:**

- Non Acute Care Services (SNF)
- Blood
- Cafeteria Loss

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

Gift Shops  
Services to Staff Physicians (Secretarial, etc)  
TV/Radio  
Telephone  
Private Duty Nurse  
Private Room Differential Income  
Medical Day Care Treatment Centers  
Administrative Expense  
- Life Insurance Premium  
- Stockholder Service Costs  
- Advertising for Medical Staff Membership  
Income and Other Taxes  
Non-Capital Interest Expense  
Interest Expense for Major Moveable Equipment  
Income for Investments of Temporarily Restricted Funds  
Unrestricted Income from Donor Restricted Plant and  
Endowment Funds  
Transfer from Restricted Funds  
Restricted Trustee Held Funds  
Unrestricted Donations  
Primary Care Residency Specific Purpose Grants  
Outpatient/Home Dialysis  
MICU

**Summary**  
**(Lines 44-47)**

On Line 46, report the total operating and non-operating income per the audited financial statement and compare to the total on Line 45. These two lines must agree. If there is a difference, the hospital must attach an itemized reconciliation and explanation.

➤ **Form "C-6" - Nursing Category Cost Allocation**

**Purpose**

The purpose of this form is to itemize the proportion of direct patient care costs and employee hours attributable to registered (RN) and licensed (LPN) nurses, attendants (ATT) and clerical (CLR) in the Medical/Surgical Acute (MSA), Pediatric Acute (PED), Obstetric Acute (OBS), Psychiatric Acute (PSA), Intensive Care Unit(s) (ICU), Coronary Care Unit(s) (CCU), Neonatal Intensive Care Unit(s) (NNI), and Newborn Nursery (NBN).

**Instructions**

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**Nursing**  
**Distribution**

Report costs for MSA, PED, OBS, PSA, ICU, CCU, NNI, and NBN.  
The Total Inpatient (Line 5) must agree to the sum of the above cost centers on Form C.

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

➤ [Form "C-7" - Major Moveable Equipment Price Level Depreciation Calculation](#)

**Purpose**

The Form C-7 is used to calculate Price Level Depreciation in excess of historical cost of owned or capitalized lease equipment.

**Instructions**

**Calculation Base  
(Column A)**

Report current year depreciation for all major moveable equipment acquired over the past 20 years in Column A. The straight-line depreciation method must be used. This is the only Column to be completed by the hospital. Total current year depreciation for major moveable equipment is derived using the following computation: On Form C, Subtotal of Column J (Depreciation and Facility Interest), less Interest (Line 47) and Building and Fixed Equipment (Line 44) reported in Column J.

**Price Level Factor  
(Column B)**

A price level depreciation (PLD) factor for each year (Column B) is applied to the depreciation amounts (Column A) to yield the replacement values. The PLD factor is derived from the application of such indexes as the Hospital Equipment Cost Index, the Bureau of Labor Statistics (BLS) and the Producer Price Index (PPI) to the amounts of depreciation previously reported to the Department of Health and Senior Services on separate forms.

**Price Level  
Dep. Amount  
(Line 23)**

The PLD Amount is calculated by subtracting the Calculation Base Total (Column A, Line 22) from the Price Level Depreciation Total (Column C, Line 22).



**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**SECTION III. CAPITAL FACILITIES**

➤ [Form "D-3" – Capital Facility Information](#)

**Purpose**

The Form D-3 provides actual and prospective capital information for New Jersey acute care hospitals.

**Instructions**

Only capital costs for Hospital services per N.J.A.C. 8:31B-4.21 are to be included in the completion of this form. Non Hospital capital costs are to be excluded on the face of Form D-3, but a listing plus an explanation of these Non-Hospital capital costs should be attached to this Form. Prospective forecast year expenditures will be used to forecast capital costs.

**Line 1** Self-explanatory.

**Lines 2-3** Includes building, fixed equipment and land improvements. Excludes portion related to square feet not utilized for services related to patient care.

**Lines 4-6** Self-explanatory.

**Lines 7-15** Total capital cash requirements should include only net long-term debts. Financing (Capitalized) leases are excluded. Major Moveable Equipment debt service costs and depreciation and interest income reported as an expense recovery are excluded.

For any increase in debt service and depreciation as a result of a Certificate of Need, provide the Certificate of Need number.

**Line 16** Reporting Year Actual amount should equal Form C, Line 44, Column J.

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**SECTION IV. REVENUE AND RELATED STATISTICS**

➤ [Form "E" - Patient Care Gross Revenue](#)

**Purpose**

The Form E is used to report total revenue related to each revenue center and treatment category. Revenue must be reported in the center and treatment category where the associated costs were reported on the Form C.

**Instructions**

The routine cost centers MSA, PED, OBS, PSA, ICU, CCU, NNI, and NBN should have revenue reported in the inpatient category only. The CLN, OHS, and SNF centers should not have inpatient revenue reported.

**Any inpatient clinic revenue should be reported under “Clinics” in Column E.**

**Same Day Surgery  
(Column B)**

Revenue related to Same Day Surgery (SDS) should be entered in Column B consistent with the revenue reports on the UB-PS Bill Type 1315. The hospital should make certain that no SDS revenues are reported with Inpatient Revenue.

**Services not Related  
to Patient Care  
(Line 31)**

Revenue attributed to services not related to patient care should be reported on Line 31. Please refer to N.J.A.C. 8:31B-4.61, 4.64, and 4.65 of the Financial Elements for a detailed explanation of how to identify revenues not related to patient care. Exclude outpatient and home dialysis revenue and MICU (Line 32).

**MICU (Line 32)**

Should agree with Form E-4, Page 1, Line 1, Column C.

**Total (Line 33)**

The total line (Line 33) on page 2 of 2 must equal total revenue for patient care and should agree with the hospital's audited financial statement of revenues and expenses. If the audited statements and Line 33 do not agree, the hospital must submit a detailed list of differences with a supporting justification for each item on the list. Provide a detailed listing of the burn care revenue reported as a part of and within ICU revenue.

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

➤ [Form "E-3" – Allocation Statistics Matrix](#)

**Purpose**

This form is used to develop the basis for allocating general services costs to cost centers using various utilization statistics. It is essential that this form be properly completed for accurate cost allocation.

**Instructions**

**General**

For each cost center listed, enter the amount (whole numbers only) of the measured usage for each General Service listed in Columns A through I. General Service usage is reported in the unit of measurement indicated in the list below:

**Reported Usage  
(Columns A-I)**

- A. Central and Sterile Supply (CSS) - Costed Requisitions**
- B. Pharmacy (PHM) - Costed Requisitions**
- C. Dietary (DTY) - Number of Patient Meals**
- D. Housekeeping (HKP) - Hours of Service**
- E. Laundry and Linen (L&L) - Pounds of Laundry**
- F. Medical Records (MRD) - Percentage of Time Spent on Medical Records related services and/or activities**
- G. Patient Care Coordination (PCC) - Percentage of Time Spent on Patient Care Coordination related services and/or activities, including Utilization Review activities.**
- H. Education and Research (EDR) - Percentage of Time Spent on Education and Research related services and/or activities.**
- I. Plant (PLT) – Number of Plant Square Feet. Report the measured usage for each cost center listed in Columns A through I, including services not related to patient care and MICU.**

➤ [Form "E-4" - Gross Revenue Deductions From Gross Revenue](#)

**Purpose**

This form itemizes deductions from gross revenue. Total deductions from gross revenue as well as gross revenue from patient care must agree with the hospital's audited financial statements. The categories for these deductions from gross revenue are briefly outlined in N.J.A.C. 8:31B-4.15.

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

Gross revenue and deductions from gross revenue related to skilled nursing facilities, MICU, services not related to patient care, and patient care convenience items as defined within N.J.A.C. 8:31B-4.61, 4.62, 4.64, and 4.65 should be reported in the Columns provided for these items (Columns B, C and D). Column E should be Column A minus Columns B through D.

**Instructions for Completion:**

**Total (Column A)** Enter the amount from Form E, Column L, Line 33 on Form E-4, Column A, Line 1. Also enter any deductions from this revenue on the appropriate line in Column A. Total revenue and deductions from revenue on line 20 should agree with the hospital's certified financial statements. Please attach a reconciliation if they do not.

**Skilled Nursing Facility (Column B)** For the purposes of this cost report, Skilled Nursing Facility is defined per the Health Insurance for the Aged Program, Title XVIII of the Social Security Act. Enter the amount from Form E, Column H, line 30 on Form E-4, Column B, Line 1. Also enter any deductions from this revenue on the appropriate line in Column B.

**Services Not Related to Patient Care (SNRTPC) (Column C)** Enter the amount from Form E, Column L, Line 31 on Form E-4, Column C, Line 1. Also enter any deductions from this revenue on the appropriate line in Column C.

**MICU (Column D)** Enter the amount from Form E, Column L, line 32 on Form E-4, Column D, Line 1. Also enter any deductions from this revenue on the appropriate line in Column D.

**Gross Revenue From Patient Care (Line 1)** Section N.J.A.C. 8:31B-4.32 provides a general description of the types of revenue that are to be included on this line.

**Allowances & Adjustments - Prior Period (Line 2)** All adjustments or settlements collected in the year relating to prior years revenue should be reported on this line.

**Current Year Allowances (Line 3)** This line represents the current year contractual allowances; current year payer factor allowances; and other current year allowances. Generally, these adjustments represent the differences between full charges for services and the payment anticipated from third-party payers according to contractual agreements or government mandated payer differentials. Therefore, only legitimate current year allowances should be reported on this line and should

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

exclude any deduction more appropriately categorized below; e.g., medical denials or courtesy discounts. Discounts to HMO's or other third-party payers are to be recorded here.

<b><u>Other Uncompensated Care Subsidy (Medicare) (Line 4)</u></b>	Enter the amount received for the Other Uncompensated Care subsidy according to P.L.1997, c263.
<b><u>Other Subsidies (Line 5)</u></b>	Enter amounts received for other subsidies, such as the Hospital Relief and Mental Health subsidies on line 5. <u>Exclude</u> the Other Uncompensated Care and Charity Care subsidy amounts from line 5.
<b><u>Prompt Pay't Discounts (Line 6)</u></b>	Allowances for prompt payment discounts should be reported on line 6 in accordance with N.J.A.C. 8:31B-4.15(a) 2.
<b><u>Personnel Health Allowances (Line 7)</u></b>	Personnel Health Allowances should be reported on line 7 in accordance with N.J.A.C. 8:31B-4.15(a) 3.
<b><u>Courtesy Adjustments (Line 8)</u></b>	Courtesy adjustments should be reported on line 8 in accordance with N.J.A.C. 8:31B-4.15(a) 4.
<b><u>Other Administrative Adjustments (Line 9)</u></b>	Other administrative adjustments should be reported on line 9 in accordance with N.J.A.C. 8:31B-4.15(a) 5.
<b><u>Medical Denials (Line 11)</u></b>	Report the value of all medically denied services on these lines. This should include the value of denied admissions as well as the carve-out days and continued stay days denied after the URO or payer has notified the hospital. This represents those denied days after the grace period that are deemed the patient's financial responsibility. Refer to Sections N.J.A.C. 8:31B-3.76, 3.77, 3.78, 3.79, 4.15, 4.38, 4.39, and 4.40 for a discussion of medical denials. Medical denials must not be included with bad debts.
<b><u>Nursing Home Placement (Line 12)</u></b>	These deductions represent an amount not due from patients of third party payers because of ruling by appropriate utilization review or certification processes which determine that the services rendered were not medically appropriate to an acute care setting for patients who were unable to be placed within a skilled nursing facility because of a lack of available beds.

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**Charity Care, Grants  
for Indigency, Bad  
Debt Provision,  
Recoveries  
(Lines 14, 15, 16, 17)**

Sections N.J.A.C. 8:31B-4.15, 4.37, 4.38, 4.39, and 4.40 define these deductions. Hospitals must report charity care separately from bad debt expenses. Bad debt recoveries are to be listed separately from the bad debt provision on Line 17. Collection agency expenses are excluded. Uncompensated Care amounts, listed in Column A, should reconcile to the hospital's audited financial statement. Charity care recoveries should be reported on line 15.

**Charity Care Subsidy  
(Line 18)**

Enter the amount received for the charity care subsidy according to P.L.1997, c.263.

**Total Deductions from  
Gross Revenue (Line  
20)**

The amount reported in the total Column A should reconcile to the hospital's audited financial statements.

**Definitions**

**Carve-out**

A mechanism used to identify medically unnecessary days during a patient's hospitalization, which resulted from an avoidable delay. Such delays can be administrative (for example, O.R. scheduling delays) or physician related (for example, delay in responding to a consult request), N.J.A.C. 8:31B-3.77.

**Courtesy Adjustments**

These deductions represent adjustments from charges for services rendered to any individual other than employees of the hospital and not otherwise more appropriately categorized, including any patient accounts written off contrary to the hospital's formal policies relative to credit, bad debts and indigency care.

**Medical Denials**

Medical denials are formal decisions by a Utilization Review Organization (URO) or a delegated hospital committee that all or part of a patient's stay is medically unnecessary and/or inappropriate.

**Nursing Home  
Placement**

Section N.J.A.C. 8:31B-4.15(a) 7 defines this deduction.

**Other Administrative  
Adjustments**

These deductions represent adjustments made by the hospital as a matter of policy because of immateriality. Examples of these types of adjustments would include insignificant balances not billed to the patient or third-party payer because of charges identified after 30 days. (N.J.A.C. 8:31B-4.15(a) 5 and 2.4.)

**Personnel Health  
Allowance**

These deductions represent adjustments from charges for services rendered to employees of the hospital and their families under a formal self-insurance

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

or coinsurance plan of the hospital (N.J.A.C. 8:31B-4.15(a) 3.)

**Prompt Payment  
Discounts**

These adjustments are the difference between charges and payments received due to the prompt payment of a bill in accordance with N.J.A.C. 8:31B-4.15(a) 2.

➤ [Form "E-5" - Net Inpatient Revenue Summary](#)

**Purpose**

This form summarizes the Form E-4 information by payer.

**Instructions**

**General**

The Form E-5 should only include inpatient items as reported in the last Column of the Form E-4. Please refer to the Form E-4 instructions for line item definitions of revenues and deductions from revenues. The sum of the Total amount on Forms E-5 in Column M is the sum of Columns A through L. The sum of Form E-5 and Form E-6 Column M, should agree with Form E-4, Column E.

➤ [Form "E-6" - Net Outpatient Revenue Summary](#)

**Purpose**

This form summarizes the Form E-4 information by payer.

**Instructions**

**General**

The Form E-6 should only include outpatient items as reported in the last Column of the Form E-4. Please refer to the Form E-4 instructions for line item definitions of revenues and deductions from revenues. The sum of the Total amount on Form E-6 in Column M is the sum of Columns A through L. The sum of Form E-5 and Form E-6 Column M, should agree with Form E-4, Column E.

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

➤ [Form "E-7" - Net Revenue By Payer and Outpatient Area](#)

**Purpose**

The Form E-7 summarizes revenue by payer and outpatient service area.

**Instructions**

**Payer Revenues  
(Lines 1-12)**

The Totals on Line 14, Columns A through I should equal Form E, page 2 of 2, Line 30, Columns B through G and I through K. The Total of Line 14, Columns J and K should equal Form E, page 2 of 2, Line 32, Columns B and C.

**Outpatient Areas  
(Columns A-K)**

The classification of outpatient revenues should be consistent with the reporting of outpatient statistics on Form B-6, with the exception of outpatient and home dialysis services.

**Totals (Line 14)**

For each Column, enter the sum of Lines 1 through 13 in the space provided in Line 14.



**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**SECTION V. EMPLOYEE AND PHYSICIAN DATA**

➤ [Form "H-2" – Summary of Medical Professional Budget Component](#)

**Purpose**

The Form H-2 summarizes the components of the hospital's medical professional budget.

**Instructions**

<b><u>General</u></b>	Report only the portion of an FTE that is at your hospital so that we do not double counts FTE's.
<b><u>Accreditation Status:</u></b> <b><u>(Column A)</u></b>	Attach a copy of all letters of accreditation received during the past year. Your accreditation file at the Department of Health must be complete and current.
<b><u>(Column B)</u></b> <b><u>Affiliation:</u></b> <b><u>(Column C)</u></b>	Check if there is no accreditation agency in existence for that specialty. Use the code at the top for each residency program. If the residency is affiliated with a medical school without a code, use a number (1, 2, etc.) and identify the affiliation on a separate schedule.
<b><u>Salaries and FTE's:</u></b> <b><u>(Columns D-G)</u></b>	List Hours and total salaries and fees in the appropriate categories. <b><u>Note: 1 FTE = 2,080 hours per annum.</u></b>
<b><u>Residents:</u></b> <b><u>(Columns H-M)</u></b>	List all PGYs in house, pro-rated if employed for less than one year, by post-graduate year (PGY 1 through 6) and in total for each program. <b><u>Note: Do not base this number on 2,080 hours per annum, but rather on the portion of the year employed, if less than full time.</u></b>
<b><u>Total Residents:</u></b> <b><u>(Column N)</u></b>	The total number of residents in Column N should equal the sum of Column H through Column M.
<b><u>Total:</u></b> <b><u>(Columns O-P)</u></b>	List total hours, salaries and fees for residents. <b><u>Total Residents hours</u></b> should be equal to the sum of: FORM C, Line 33, Column B and Column C. <b><u>Total Residents salaries and fees</u></b> should be equal to the sum of: FORM C, Line 33, Column E and Column F.
<b><u>Total:</u></b> <b><u>(Columns Q-R)</u></b>	"List total hours, salaries and fees for physicians, department chiefs, directors, and residents. <b><u>Total hours</u></b> (Column Q) should be equal to the sum of: Form C, Line 51, Column B and Column C. Total <b><u>salaries and fees</u></b>

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

(Column R) should be equal to the sum of: FORM C, Line 51, Column E and Column F."

**SECTION VI. FINANCIAL STATEMENTS**

➤ [Form "L-1" - Balance Sheet](#)

**Purpose**

The Form L-1 is used to report audited financial data at the end of the fiscal year for all unrestricted, temporarily restricted and permanently restricted funds presented in the Hospital's Certified Financial Statements. The data reported will be used to expand the database to include Financial Statement information enabling the department to perform financial analyses.

**Instructions - Current Assets**

<b><u>Cash (Line 1)</u></b>	Enter the total amount of cash.
<b><u>Marketable Securities (Line 2)</u></b>	Enter the total amount of the short-term investments, reported as Current Assets for each fund in the appropriate Column.
<b><u>Patient Accounts Receivable (Line 3)</u></b>	Enter the total amount of Patient Accounts Receivable before deductions, contractual allowances and bad debts.
<b><u>Less: Allowance For Bad Debt (Line 4)</u></b>	Enter total of estimated uncollectibles.
<b><u>Contractual Allowances (Line 5)</u></b>	Enter the total amount of allowances for contractual adjustments and free care.
<b><u>Net Patient Accounts Receivable (Line 6)</u></b>	Enter the total Net Patient Accounts Receivable. Total should equal Line 3 minus line 4 and 5.
<b><u>Estimated Amount Due From Third Party Payers (Line 7)</u></b>	Enter the total amount due from third party payers to the hospital.

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

<b><u>Due From Affiliates</u></b> <b><u>(Line 8)</u></b>	Enter total amount due from affiliated entities.
<b><u>Due From Other Funds</u></b> <b><u>(Line 9)</u></b>	Enter total amount due from other funds.
<b><u>Other Receivables</u></b> <b><u>(Line 10)</u></b>	Enter total amount of other receivables not related to patient services, statutory or third party payers, and affiliates.
<b><u>Inventories, Prepaid Expenses and Deposits</u></b> <b><u>(Lines 11-12)</u></b>	Self-Explanatory.
<b><u>Funds Held by Trustee whose Use is limited</u></b> <b><u>(Line 13)</u></b>	Enter total amounts whose use is limited by a contractual arrangement with an outside party other than a donor. These include funds held by trustees, debt service reserve funds, bond and mortgage sinking funds, worker's compensation funds, and pension funds. This excludes Board-Designated assets.
<b><u>Recovery of Loss on Early Extinguish-ment of Debt</u></b> <b><u>(Line 14)</u></b>	Self-Explanatory.
<b><u>Other Current Assets</u></b> <b><u>(Line 15)</u></b>	Self-Explanatory.
<b><u>Total Current Assets</u></b> <b><u>(Line 16)</u></b>	Total should agree with Certified Financial Statement.
<b><u>Instructions – Other Assets: PP&amp;E</u></b>	
<b><u>(Lines 17-35)</u></b>	Lines 17 through 25 enter cost of property, plant and equipment (PP&E). Lines 27 through 33 enter the accumulated provisions for depreciation for land improvements, plant and equipment. Net PP&E, Line 35, should agree with Certified Financial Statement.
<b><u>Instructions – Other Non-Current Assets</u></b>	
<b><u>(Lines 36-40)</u></b>	Self-Explanatory.
<b><u>Board Designated</u></b>	Includes funds set aside for a board designated purpose. The distinction

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

**Funds (Line 41)**                      between Line 41 and 43 is that funds in Line 41 can be revoked by board decree and are available to meet hospital obligations if necessary. Trustee-held funds are generally contractually obligated for the purpose specified and are beyond the control of the Hospital's Board.

**All Other Investments (Line 42)**                      Includes funds from all other investments not included in lines 41 or 43.

**Funds held by Trustee Under Bond Indenture Agreement (Line 43)**                      Self-Explanatory.

**(Lines 43-47)**                      Self-Explanatory. Total assets, Line 47, should agree with Certified Financial Statement.

**Instructions – Current Liabilities**

**Current Portion of Long Term Debt (Line 48)**                      Current Portion of Long Term Debt.

**Notes and Loans Payable (Current Portion) (Line 49)**                      Includes Bank Notes, Line of Credit and other loans currently due.

**(Lines 50-65)**                      Self-Explanatory. Construction Cost Payable, Line 55, includes payables due for construction projects. Accrued compensation and related liabilities, Line 56, includes salaries and salary related liabilities. Total Current Liabilities, Line 65, must agree with Certified Financial Statements.

**Instructions – Non-Current Liabilities**

**(Lines 66-79)**                      Self Explanatory. Total Liabilities, Line 77, Fund Balances, Line 78, and Total Liabilities and Fund Balances, Line 79, must agree with Certified Financial Statements.

➤ [Form "L-3" – Statement of Operations](#)

**(Lines 1-15)**                      Patient Service Revenue: Self-Explanatory. Net Patient Service Revenue (Line 9), Other Revenues (Lines 10, 11, 12, 13, & 14)), and Total

**INSTRUCTIONS TO THE 2002  
NEW JERSEY ACUTE CARE HOSPITAL COST REPORTS**

Revenues, Gains and other Support (Line 15) must agree with Certified Financial Statement.

**(Lines 16-34)**

Operating Expenses: Self-Explanatory. Do not include expenses for temporary help provided by outside agencies in Salaries and Wages (Line 16). Temporary help expenses belong in other outside contract services (Line 20). Total Operating Expenses (Line 33) and Income from Operations (Line 34) must agree with Certified Financial Statement.

**(Lines 35-44)**

Non-Operating Revenue and Expenses: The Statements of Changes in Net Assets have been combined with the Statement of Operations on these lines. List all items below operating income on the Statement of Operations in these Columns. The total Column for all funds must agree with the Certified Financial Statements.

➤ [Form "L-4" – Statement of All Funds Cash Flow](#)

**(Lines 1-15)**

**Cash Flow From Operating Activities and Non-Operating Revenue:**

Enter Increase/(Decrease) in net assets (Line 1) from Certified Financial Statement (Must agree with "L-3" Line 45, total Column). Enter amounts from Balance Sheet activity (Line 2 through 13) which equals cash flow provided (used) in operating activities.

**Cash Flow Provided (Used) from Investing Activities:**

**(Lines 16-24)**

Self-Explanatory. Line 19 includes current portion of funds whose use is limited.

**Cash Provided by (used in) Financing Activities**

**(Lines 25-36)**

Self-Explanatory. Line 34, 35, and 36 must agree with Certified Financial Statement.